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October 24, 2016

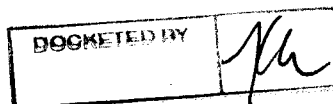
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Arizona Corporation Commission

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Re: Southline Transmission Project

Line Siting Application #173; Docket Control # L-00000AAA-16-0370-00173

Dear Mr. Broderick and Ms. Alward,

I want again to invite the Staff of the Arizona Corporation Commission to make whatever comment you feel appropriate in writing, by live testimony, or both on the above application of Southline Transmission, L.L.C. to build a transmission line entering Arizona near Willcox, Arizona and terminating at the existing Tortolita Substation in Pinal County, Arizona. The Application calls for the construction of approximately sixty-seven miles of new 345 kV transmission line, approximately five miles of new 138 kV and 230 kV transmission lines, and associated facilities. The Arizona Power Plant and Transmission Line Siting Committee ("Committee") has an ongoing interest in the technical expertise of your staff in considering applications that come before it, and your legal position in matters relating to the construction of A.R.S. § 40-360 *et seq.*

If you wish to submit your comments in writing, please do so by filing them with Docket Control, with copies to the Applicant and the members of the Committee. If you wish to have one or more members of your staff testify, please notify me by letter containing the names of your staff who would testify and a summary of their proposed testimony. Please file the summary with Docket Control, with a copy to the Applicant, other interested persons, and the Committee members. It would be very helpful if the written opinions or the testimony summary on technical matters were filed and sent on or before the pre-hearing conference on November 16, 2016, so that the Applicant and others

will have an opportunity to respond at the evidentiary hearing scheduled to begin on November 29, 2016.

The Committee likely will be interested in your opinion about whether the proposed project improves the reliability and/or the safety of operation of the grid and the delivery of power in Arizona.

I have also asked the Applicant and any prospective party to provide a legal memorandum to me on the following questions:

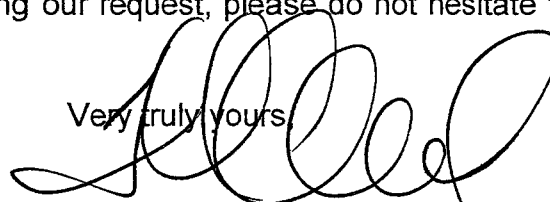
Does section 505(a)(iv) of the Federal Land Policy and Management Act apply to any portion of what is described in the Application as the Upgrade Section and owned by Western Area Power Administration ("WAPA"), and if so what portion? Assuming section 505(a)(iv) applies, what are Arizona's substantive line siting standards or are such standards established through the Certificate of Environmental Compatibility ("CEC") process? What information would be necessary to enable the Committee to determine compliance with Arizona's substantive line siting standards? Should the Applicant present such information to the Line Siting Committee at the hearing to allow it, and by extension the Commission, to determine whether the Applicant has met Arizona's substantive standards? *State of Montana v. Johnson*, 738 F.2d 1074, 1079 (9th Cir. 1984); *Columbia Basin Land Protection Ass'n v. Schlesinger*, 643 F.2d 585, 605-06 (9th Cir. 1981).

The Applicant is not seeking a CEC for the portion of the Upgrade Section owned by WAPA. Although it is my opinion the Applicant has no obligation to obtain a CEC for the portion owned by WAPA, cases cited above require applicants in similar situations to work with siting committees to determine if their respective state's substantive line siting standards have been satisfied. I solicit your thoughts, legal and technical, as well as those of the parties in deciding how to rule on these questions if they arise.

We would, of course, welcome your thoughts on any other legal or technical issues relevant to our statutory review that you feel we should consider.

If you have any questions concerning our request, please do not hesitate to call me. We look forward to your input.

Very truly yours,

A handwritten signature in black ink, appearing to read 'TK Chenal', with a large, stylized flourish at the end.

Thomas K. Chenal, Chairman
Arizona Power Plant and Transmission
Line Siting Committee
Assistant Arizona Attorney General

**Twenty-six COPIES of the foregoing
filed on October 24, 2016, with:**

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mailed on October 24, 2016, to:**

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